

**04H
INSURANCE
COMPARISON OF BUDGETED FISCAL YEAR 2000-2001
TO TOTAL RECOMMENDED FISCAL YEAR 2001-2002
(INCLUSIVE OF DOUBLE COUNTED EXPENDITURES)**

Means of Financing & Table of Organization	As of 12-15-00		Total Recommended Over/(Under) E.O.B.
	Existing Operating Budget 2000-2001	Total Recommended 2001-2002	

GRAND TOTAL DEPARTMENT OF INSURANCE	General Fund	\$0	\$0	\$0
	Interagency Transfers	\$0	\$0	\$0
	Fees and Self Gen.	\$17,100,751	\$19,489,689	\$2,388,938
	Statutory Dedications	\$802,404	\$737,712	(\$64,692)
	Interim Emergency Bd	\$0	\$0	\$0
	Federal	\$205,510	\$201,878	(\$3,632)
	TOTAL	\$18,108,665	\$20,429,279	\$2,320,614
	T. O.	272	267	(5)

165 - Commissioner of Insurance

> **ADMINISTRATION/FISCAL PROGRAM:** Administers and enforces the provisions of the Louisiana Insurance Code; responds to public information requests; monitors the effectiveness or weakness of the department's internal controls via internal audit; and assists small, minority, and disadvantaged agents and agencies to increase their knowledge of and participation in the industry. Also, manages the department's human, fiscal, property, and information systems resources and provides administrative services to the entire department.

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$4,312,171	\$3,750,877	(\$561,294)
Statutory Dedications	\$243,922	\$0	(\$243,922)
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$0	\$0	\$0
TOTAL	\$4,556,093	\$3,750,877	(\$805,216)
T. O.	107	71	(36)

MAJOR CHANGES FROM EXISTING OPERATING BUDGET

Risk Management Adjustment (-\$39,063 Fees and Self-generated Revenues)

Adjustments for acquisitions (\$45,678 Fees and Self-generated Revenues)

Funding adjustments for statewide fees (-\$25,972 Fees and Self-generated Revenues)

Funding adjustment necessary to ensure adequate funding, of 71 recommended positions, including the transfer of 36 positions (\$557,381 Fees and Self-generated Revenues)

Transfer of activities (Legal Fraud Unit, and Receivership Activity) to the Market Compliance Program (-\$1,244,485 Fees and Self-generated Revenues; -\$243,922 Statutory Dedications, Insurance Fraud Assessment Fund; Total -\$1,488,407)

Increase in funding for maintenance on equipment no longer under warranty (\$139,856 Fees and Self-generated Revenues)

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Adjustment for rental agreement expense increase (\$5,311 Fees and Self-generated Revenues)

OBJECTIVE: Through the Office of the Commissioner, to retain accreditation by the National Association of Insurance Commissioners (NAIC).

PERFORMANCE INDICATOR:

Percentage of accreditation of department by NAIC retained

100%	100%	0%
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OBJECTIVE: Through the Internal Audit Division, to identify the adequacy or weakness of department internal processes through scheduled internal audits and assure that there are no repeat findings in the annual legislative auditor's reports.

PERFORMANCE INDICATOR:

Number of repeat findings in annual legislative auditor's report

0	0	0
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OBJECTIVE: Through the Office of Management and Finance, Fiscal Affairs Division, to collect revenue due the department and state and deposit the revenue within 48 hours of receipt.

PERFORMANCE INDICATORS:

Additional taxes and penalties assessed as a result of audit (in millions)

Percentage of revenue deposited within 48 hours

\$1.000	\$1.000	\$0.000
100%	100%	0%

OBJECTIVE: Through the Division of Minority Affairs, to increase the number of small/disadvantaged/minority agents obtaining contracts with standard companies through the key agent concept.

PERFORMANCE INDICATORS:

Number of key agency directors and sub-agents working with Key Independent Agency, Inc.

Number of standard companies to which small/disadvantaged/minority agents have access

25	22	(3)
5	5	0

> **MARKET COMPLIANCE PROGRAM:** Regulates the insurance industry in the state by analyzing and examining regulated entities, licensing entities engaged in the insurance business, and ensuring that rates charged are not excessive or inadequate, or unfairly discriminatory. Also provides legal representation to the department in regulatory matters, promulgates rules and regulations, and sets policies; and procedures; oversees, with court approval, the liquidation of companies placed in receivership and sees to the distribution of the assets among the companies' creditors, including the Louisiana Insurance Guaranty Association (LIGA) and the Louisiana Life and Health Insurance Guaranty Association (LLHIGA); and investigates reported instances of suspected insurance fraud.

General Fund	\$0	\$0	\$0
Interagency Transfers	\$0	\$0	\$0
Fees and Self Gen.	\$12,788,580	\$15,738,812	\$2,950,232
Statutory Dedications	\$558,482	\$737,712	\$179,230
Interim Emergency Bd.	\$0	\$0	\$0
Federal	\$205,510	\$201,878	(\$3,632)
TOTAL	\$13,552,572	\$16,678,402	\$3,125,830
T. O.	165	196	31

04H
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MAJOR CHANGES FROM EXISTING OPERATING BUDGET

Funding adjustment necessary to ensure adequate funding of 196 recommended positions, including the transfer of 31 positions (\$1,543,063 Fees and Self-generated Revenues)

Net adjustment for acquisitions (\$50,879 Fees and Self-generated Revenues; -\$69,000 Statutory Dedications; TOTAL -\$18,121)

Transfer of activities (Legal Fraud Unit and Receivership) from the Administrative program (\$1,244,485 Fees and Self Generated Revenues; \$243,922 Statutory Dedications; TOTAL \$1,488,407)

Funding for maintenance of equipment no longer under warranty and office space rental increase (\$111,805 Fees and Self-generated Revenues)

Adjustment of non-recurring carry forward of miscellaneous operating expenses (-\$3,632 Federal Funds)

OBJECTIVE: Through the Office of Financial Solvency, to monitor the regulated entities to detect adverse financial and other conditions by performing all scheduled financial examinations, market conduct examinations, and analyses.

PERFORMANCE INDICATORS:

Number of market conduct exams performed
 Percentage of market conduct exams performed as a result of complaints
 Percentage of domestic companies examined (financial)
 Percentage of domestic companies analyzed
 Percentage of companies other than domestic analyzed

30	23	(7)
33%	25%	-8%
25%	25%	0%
100%	100%	0%
25%	25%	0%

OBJECTIVE: Through the Office of Licensing and Compliance, Agent Licensing Division, to oversee the licensing process.

PERFORMANCE INDICATORS:

Number of new agent licenses issued
 Number of agent license renewals processed
 Number of company appointments processed

9,739	15,700	5,961
29,070	29,090	20
171,069	277,720	106,651

OBJECTIVE: Through the Office of Licensing and Compliance, Company Licensing Division, to review company applications for a Certificate of Authority within an average of 120 days.

PERFORMANCE INDICATORS:

Percentage of applications and filings processed during the fiscal year of receipt
 Average number of days to review company license applications and filings

85%	85%	0%
90	120	30

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OBJECTIVE: Through the Property & Casualty (P&C) and Life & Annuity (L&A) sections of the Consumer Division of the Office of Licensing and Compliance, to investigate consumer complaints to conclusion within an average of 90 days.

PERFORMANCE INDICATORS:

Average number of days to conclude a P&C and L&A complaint investigation

Amount of P&C and L&A claims payments and/or premium refunds recovered for complainants

90	90	0
\$2,350,000	\$2,500,000	\$150,000

OBJECTIVE: Through the Office of Licensing and Compliance, Property & Casualty (P&C) and Life & Annuity (L&A) Division, Policy Forms Review Section, to pre-approve contract forms for use by consumers within an average of 60 days.

PERFORMANCE INDICATORS:

Average number of days to process P&C and L&A contract forms

Percentage of P&C and L&A forms approved

60	60	0
50%	50%	0%

OBJECTIVE: Through the Office of Health Insurance, to assist and protect consumers with health care coverage needs by investigating consumer complaints to conclusion within an average of 90 days.

PERFORMANCE INDICATORS:

Average number of days to conclude a health insurance complaint investigation

Amount of health insurance claim payments and/or premium refunds recovered for complainants

90	90	0
\$1,000,000	\$1,500,000	\$500,000

OBJECTIVE: Through the Office of Health Insurance, Contract Forms Review Section, to review contract forms and rates before the forms are sold in Louisiana, maintaining a 60-day average processing time.

PERFORMANCE INDICATORS:

Average number of days to process health insurance contract forms and rates

Percentage of health insurance contract forms/rates approved

120	60	(60)
39%	35%	-4%

OBJECTIVE: Through the Office of Health Insurance, Senior Health Insurance Information Program (SHIIP), to provide senior citizens with health-related counseling, resulting in an estimated savings of \$1,000,000 to counseled seniors.

PERFORMANCE INDICATOR:

Estimated savings to counseled senior health clients

\$350,000	\$1,000,000	\$650,000
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OBJECTIVE: Through the Quality Assurance Division of the Office of Health Insurance, to review and act upon applications and filings from Medical Necessity Review Organizations (MNROs) within an average of 150 days.

PERFORMANCE INDICATOR:

Average number of days to process an MNRO application

150	150	0
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OBJECTIVE: Through the Division of Legal Services, to provide representation to the department in hearings and through issuing internal department legal and policy opinions and the promulgation of rules and regulations.

PERFORMANCE INDICATOR:

Percentage of hearings resulting in regulatory action

50%	39%	-11%
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OBJECTIVE: Through the Office of Receivership, and with the approval of the court, to bring to closure and distribute the assets of the estates that are currently in receivership.

PERFORMANCE INDICATORS:

Number of companies brought to final closure

Total recovery of assets of liquidated companies

6	5	(1)
\$13,604,804	\$13,604,804	\$0

OBJECTIVE: Through the Fraud Division, to investigate incidences of suspected fraud and perform background checks in a timely manner.

PERFORMANCE INDICATORS:

Percentage of initial claim fraud investigations completed within 10 working days

Percentage of background checks completed within 15 working days

Number of agent/company investigations opened

Number of agent/company investigations referred to law enforcement agencies

80%	80%	0%
80%	80%	0%
350	20	(330)
12	12	0

OBJECTIVE: Through the Louisiana Insurance Rating Commission (LIRC), to consider and act upon rate change submissions from admitted insurance companies and ensure compliance with approved rates.

PERFORMANCE INDICATORS:

Average percentage change in rates approved by the LIRC

Percentage completion of electronic storage and analysis of rate and rate filings

Percentage completion of project to make rate and rate comparison data available to consumers via Internet

2.05%	2.00%	-0.05%
5%	70%	65%
5%	85%	80%

TOTAL COMMISSIONER OF INSURANCE

General Fund	\$0	\$0	\$0
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Fees and Self Gen.	\$17,100,751	\$19,489,689	\$2,388,938
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